

88% OF NEW MEDICARE DRUG PROGRAM ENROLLEES AT RISK OF FALLING INTO THE "DOUGHNUT HOLE"

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New report shows widespread risk of losing coverage, high cost of avoiding risk

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CONTACT: Yoni Cohen, (202) 225-3202

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WASHINGTON,
D.C. - Nearly 7 million seniors and individuals with disabilities who purchased stand-alone prescription drug coverage are now at risk of falling into the "doughnut hole." This latest setback comes after seniors struggled for months with confusing and inaccurate information surrounding the new Medicare Prescription Drug program.

According to a report released today by Senior Democrats on the House Ways and Means Committee, led by Ranking Member Charles Rangel (D-NY), Health Subcommittee Ranking Member Pete Stark (D-CA), and Social Security Subcommittee Ranking Member Sander Levin (D-MI), nearly 88

percent of new drug plan enrollees, roughly 7 million individuals, are at risk of losing coverage for their medications while they continue to pay monthly premiums to their insurers. The report further details how few individuals have enrolled in plans without doughnut holes, presumably because of the prohibitive cost of such plans.

Stark Quote:

"Despite Republican claims to the contrary, this report shows that millions of people are likely to fall into the doughnut hole, leaving them without coverage when they need it most," said Stark. "As this report shows, the opportunity to purchase plans that fill the hole is a mirage. Beneficiaries are no more able to afford expensive, full-coverage plans than minimum wage Americans are able to afford a Mercedes. With insurance company profits up, it is clear that this program caters more to special interests than it does to seniors and people with disabilities."

Rangel Quote:

"Folks in the prescription drug plan who haven't hit the doughnut hole yet are in for a rude awakening," cautioned Rangel. "The doughnut hole is so big that millions will fall in and many will never come out. People are going to be angry when they show up to get their medications and are told they don't have coverage, even though they still pay their monthly premiums."

Levin Quote:

"Millions across the country are now facing a real hole in their prescription drug coverage," said Levin. "Unfortunately for seniors, Republicans are trying to cover up the hole they created instead of working with Democrats to fill it in."

Key Findings of The Doughnut-Hole Report:

- * An alarming 88 percent - nearly 7 million - of Medicare Prescription Drug plan enrollees who purchased non-HMO drug coverage are enrolled in prescription drug plans that contain a doughnut hole, or gap in coverage;
- * 84 percent of private drug plans (PDPs) that are offered nationwide have a gap in coverage;
- * In 26 states, more than 90 percent of beneficiaries are enrolled in plans with a gap in coverage;
- * Nationwide, just 12 percent of beneficiaries -- fewer than a million people -- with new coverage are enrolled in plans that provide any coverage at all in the doughnut hole;
- * Premiums are, on average, more than 250 percent higher for a plan with full coverage.

Democrats have offered an alternative plan to fix the new prescription drug program. In the Democratic Prescription for Change, House Democrats have proposed making the Medicare drug benefit simple, affordable, and reliable for senior citizens and people with disabilities. Under the proposal, Medicare would be required to use its bargaining power to negotiate lower drug prices, and the savings would be used to fill the doughnut hole. The Democratic plan would also waive the late enrollment penalty for millions of beneficiaries who are now locked out of coverage until 2007, and simplify the program by creating a Medicare-sponsored option.

The House Ways and Means Committee National Doughnut-Hole Report, which includes state-by-state data, is available at <http://www.house.gov/stark/news/109th/pressreleases/donuthole.pdf>

Note: This study excludes Medicare beneficiaries who are dual-eligible, low-income subsidy recipients, or enrolled in Medicare Advantage plans.

